

Subject: Re: South Park BID Sublease
From: Ellen Riotto <ellen@southpark.la>
Date: 10/05/2018 03:39 PM
To: Robin Bieker <robin@biekerco.com>, Robert Buente <bbuente@1010dev.org>, Channing Henry <channing@almadevelopment.com>, Daniel Taban <daniel@jadeent.com>

All,

Spoke with Justin yesterday and this isn't something he's interested in. He said Tyler is pretty decent so I think we should move forward. Let me know what you think.

Best,

Ellen

From: Ellen Riotto <ellen@southpark.la>
Date: Wednesday, October 3, 2018 at 6:18 AM
To: Robin Bieker <robin@biekerco.com>, Robert Buente <bbuente@1010dev.org>, Channing Henry <channing@almadevelopment.com>, Daniel Taban <daniel@jadeent.com>
Subject: FW: South Park BID Sublease

All,

FYI Here's the proposal from Tyler (Mike Condon's contact). I'm playing phone tag with Justin – hoping to catch him today. Will let you know when I do.

Thanks

Ellen

From: Tyler Stark/USA <Tyler.Stark@cushwake.com>
Date: Tuesday, October 2, 2018 at 6:26 PM
To: Ellen Riotto <ellen@southpark.la>
Subject: South Park BID Sublease

Ellen,

It was a pleasure meeting you last week and thanks for taking the time to tour me through your office (and storage) space.

Based on your space and what I've seen for competitive sublease space, here are my thoughts:

* Your space has a number of strengths: 1) location (there really isn't a lot of office space within a block or two of LA Live); 2) lease term (smaller tenants typically like short terms, but anything less than a year would be troublesome to move twice in one year); and 3) space efficiency (there really isn't any "wasted" space).

* There are, however, a number of weaknesses to consider: 1) lack of natural light (I believe your office was the only one with a window) ; 2) no available furniture (at least that's the current plan); 3) no guaranteed parking; 4) the "window" into the owners' suite.

* The projected downtime to execute a sublease would be 3-6 months. Please note that this projection can fluctuate very drastically. I've been able to do a sublease in as little as a month or so (that was a corner suite in a Class A office building on the 28th floor); on the other hand, I'm working on a couple full-floor subleases that we've been marketing for nearly a year.

* The commission rate would be 6% of gross rentals in the case of an outside broker (with 4% to the subtenant's broker and 2% to the sublandlord's broker). If there is no outside broker on the deal, it would be a 4% commission to sublandlord's broker.

* Although I would encourage "withholding" a quoted rental rate, my "best guess" is that your space would sublease for \$1.50 - \$1.75/SF/month. The two sublease that I have attached (315 W. 9th Street and 448 S. Hill Street) are in similar quality buildings (if not better than 1100 Flower) but are significantly newer build-outs and offer furniture (the 315 W. 9th Street sublease is asking \$1.95/SF/month and the 448 Hill sublease is asking \$1.65/SF/month modified gross, which is approximately \$1.95/SF/month grossed-up). The sublease deal would also include a couple months of rental abatement (which is "market" for all leases in Downtown, both direct leases and subleases).

I know this prognosis may be disappointing, but I feel that it's the best practice to give prospective clients my honest opinion. Please keep in mind that your interests and your broker's interest are aligned (we make more commission for the higher sublease rent that you attain).

If you would like to discuss in detail, I would be happy to come back to your office at your convenience.

Thanks again for the opportunity.

Tyler

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